GOVERNMENT OF INDIA
TEXTILES
LOK SABHA

UNSTARRED QUESTION NO:3573
ANSWERED ON:20.08.2004
PRICES OF COTTON
Reddy Shri Magunta Sreenivasulu

Will the Minister of TEXTILES be pleased to state:

(a) Whether the price fixed by the Cotton Corporation of India for purchase of lower grade cotton are not remunerative; and

(b) If so, the action taken by the Government?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF TEXTILES (SHRI SHANKERSINH VAGHELA)

(a) & (b) The Minimum Support Price (MSP) for two basic varieties of cotton, viz. F-414/H-777 and H-4, of fair average quality(FAQ) are fixed by the Ministry of Agriculture, Government of India on the basis of recommendations of Commission for Agricultural Costs & Prices (CACP). The MSP for the other varieties of cotton of FAQ are fixed by the Textile Commissioner keeping in view the normal market price differentials between these two basic varieties and other varieties. The MSP declared by the Government for the two basic varieties of cotton during the last 3 years is follows:

	MSP (in Rs. per Quintal)		
Varieties of FAQ	2001-02	2002-03	2003-04
F-414/H-777	1675	1675#	1725
H-4	1875	1875#	1925

Special Drought Relief Price of Rs.20 per quintal also announced was not part of MSP.

The CACP takes into consideration the cost of production, trends in market prices, international price situation, domestic as well as global demand supply situation, direct and indirect cost, input costs and a reasonable margin of profit while recommending suitable MSP for the standard variety cotton.The Cotton Corporation of India (CCI) is mandated to conduct MSP operation with regard to cotton in the country whenever the market prices of cotton falls below the MSP level. The MSP offered by the CCI for FAQ cotton is as per the MSP announced by Government of India. For lower grade cotton of quality below FAQ, appropriate deduction is made as per standard parameters approved by the Central Institute for Research on Cotton Technology. Hence, it is not true that the MSP declared by Government and offered by the CCI (for both FAQ and below FAQ cotton) are not remunerative to the farmers.